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May 7, 2002

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station – 2nd Flr.
Boston, MA 02110

Re: Boston Edison Company
D.T.E. 01-108

Dear Secretary Cottrell:

Enclosed for filing are: (1) the Joint Motion for Approval of Settlement Agreement, and (2) the Settlement Agreement entered into by Boston Edison Company ("Boston Edison"), the Massachusetts Water Resources Authority (the "Authority"), and the Office of the Massachusetts Attorney General (the "Attorney General"). Included with the Settlement Agreement, as Attachment B, is the proposed Rate WR tariff, M.D.T.E. No. 979, which would become effective following approval by the Department of Telecommunications and Energy (the "Department") of the Settlement Agreement. For reference, a redlined version of M.D.T.E. No. 979 is also filed, showing the changes from the currently effective Rate WR tariff, M.D.T.E. No. 976. Also enclosed is a Certificate of Service.

The Settlement Agreement is intended to resolve pending issues in this proceeding relating to establishment of Rate WR for 2002 and setting a framework for establishment of the Transition Charge component in Rate WR for future years, including a minimum Transition Charge obligation through 2010. The Settlement Agreement also resolves the issue of Transition Charges retroactively to November 1, 2001, the date that the Authority ceased to receive Standard Offer Service. Finally, in a separate filing being made herewith, Boston Edison and the Authority have agreed to an Amendment to the

1990 Electric Power Supply Agreement, which removes restrictions contained therein on the Authority's right to purchase power from third parties and its use of its own on-island generation and in order to incorporate the resolution of Rate WR Transition Charge issues as set forth in the Settlement Agreement. The Settlement Agreement and the Amendment to the Electric Power Supply Agreement are each conditioned upon the approval by the Department of both filings.

A detailed explanation of the mechanism for resolution of Transition Charge issues in Rate WR for 2002 and future years is set forth in Article 2 of the Settlement Agreement and illustrated by example calculations in Attachments A and C. The methodology clearly represents a compromise between positions presented by the parties in the pending proceeding and establishes a program under which the level of the Rate WR Transition Charge will, over four phases, be increased progressively from its present level to the level of the Uniform Transition Charge charged to all other retail customer classes.

As the Department is aware, issues regarding Rate WR have been the subject of discussion and litigation in a number of proceedings in recent years. In Boston Edison Company, D.P.U./D.T.E. 96-23 (1998) the Department stated at page 38:

The Department notes the Company is engaged in negotiations with MWRA to resolve a number of matters involving the Power Sales Agreement, the Rate WR, and the interconnection agreement between the MWRA and the Company's subsidiary, HEEC. If successful, the parties will file the resulting agreement for Department review and approval. The Department encourages the Company and MWRA to continue such negotiations and to file, at the earliest time possible, any agreements reached for Department review and approval. (Citation omitted.)

The Settlement Agreement and the associated Amendment to the Electric Power Supply Agreement will resolve a significant portion of outstanding issues among the parties in a manner that is responsive to the Department's encouragement to seek a negotiated settlement. Currently pending before the Department is the Motion of Boston Edison, the Authority and the Attorney General to extend the suspension period in the current proceeding for another month, until June 1, 2002, to permit the filing of a settlement. With this filing, it is requested that the Department approve the motion to extend the suspension period another month, and thereafter act to approve the Settlement Agreement and the Amendment to the Electric Power Supply Agreement, effective June 1, 2002.

If the Department has any questions regarding the terms of the Settlement Agreement or wishes additional information, please contact George Dean, Alexander Cochis or the undersigned.

Mary L. Cottrell
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May 7, 2002

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'William S. Stowe', written in a cursive style.

William S. Stowe

Enclosures

cc: William H. Stevens, Hearing Officer
Alexander Cochis, Esq.
Joseph W. Rogers, Esq.
George B. Dean, Esq.
Trudy Reilly, Esq.
Sean Hanley
Claude Francisco
Owen Cahillane

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Boston Edison Company)
_____))
_____)

D.T.E. 01-108

JOINT MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT

Boston Edison Company ("Boston Edison"), the Massachusetts Water Resources Authority (the "Authority") and the Office of the Attorney General (the "Attorney General") (collectively, the "Settling Parties"), pursuant to 220 C.M.R. § 1.04(5), jointly move for approval of the Settlement Agreement filed herewith.

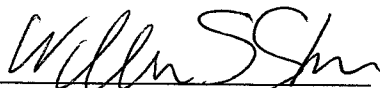
The Settlement Agreement resolves pending issues in this proceeding. It includes an agreed-upon Rate WR tariff to go into effect following Department approval of the Settlement Agreement, which is requested effective June 1, 2002. Finally, it establishes an agreed-upon program under which the level of the Rate WR transition charge will, over four phases, be increased progressively from its present level to the level of the Uniform Transition Charge charged to all other retail customer classes. During this period, the Authority shall pay a transition charge, subject to certain minimum usage levels.

WHEREFORE, the Settling Parties request that the Department grant this Joint Motion for Approval of Settlement Agreement.

Respectfully submitted,

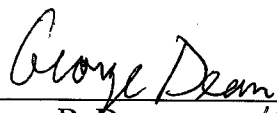
BOSTON EDISON COMPANY

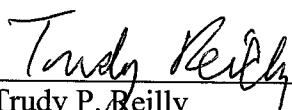
By its attorney,


William S. Stowe
Assistant General Counsel
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MASSACHUSETTS WATER RESOURCES AUTHORITY

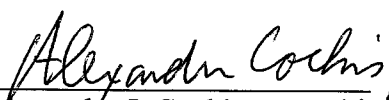
By its attorneys,


George B. Dean *WSS*
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Boston, MA 02109
617-832-1219


Trudy P. Reilly *WSS*
Associate General Counsel
Massachusetts Water Resources Authority
Charlestown Navy Yard
100 First Street
Charlestown, MA 02129
617-242-2600

OFFICE OF THE ATTORNEY GENERAL

By its attorney,


Alexander J. Cochis *WSS*
Assistant Attorney General
Utilities Division
Office of the Attorney General
200 Portland Street
Boston, MA 02114
617-727-2200

D.T.E. 01-108

Redlined Tariff

M.D.T.E. No. 979

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

AVAILABILITY

Service under this rate is available for electricity supplied and delivered in bulk for the purpose of construction and operation of the Deer Island Treatment Facility from the Boston Edison Company's K Street Transmission Station.

CHARACTER OF SERVICE

High tension alternating current, 60 cycles, 3 phase, at 115,000 volts nominal.

MONTHLY CHARGE

The Monthly Charge will be the sum of the Retail Delivery Service and the Supplier Service Charges.

DELIVERY SERVICES

Customer Charge	\$ 16,304.00	
Demand Charge Per kW (in excess of 5,000 kW)	<u>October - May</u> \$1.22	<u>June - September</u> \$2.05
Energy Charge Per Delivered kWh	<u>October - May</u>	<u>June - September</u>
Peak Hours Use	0.791 ¢	1.137 ¢
Off-Peak Hours Use	0.400 ¢	0.498 ¢
<u>Energy Efficiency Charges</u>		
Energy Charge Per Delivered kWh	0.250 ¢	
<u>Renewables Charges</u>		
Energy Charge Per Delivered kWh	0.075 ¢	
<u>Transition Cost Adjustment (per Special Provisions)</u>		
Energy Charge Per Delivered kWh	0.465 ¢	

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

SUPPLIER SERVICES

—— Standard Offer Charge (Optional)

—— Energy Charge Per Delivered kWh —— As in effect per Tariff

Default Service (Optional) As in effect per Tariff

STANDARD OFFER SERVICE

—— ~~Standard Offer Service is available under this tariff for the Massachusetts Water Resources Authority ("MWRA") so long as it has not yet chosen a supplier other than the Company on or after the retail access date, when retail choice becomes available to all customers. As long as the MWRA remains on Standard Offer Service, it will pay the Rate for Standard Offer Service set forth above in addition to the Rates for Retail Delivery Service. Once the MWRA has begun to take service from another supplier, it is no longer eligible for Standard Offer Service.~~

—— ~~Standard Offer Service may be terminated by the MWRA provided that notice of the change of supplier was received by the Company five (5) or more business days before the next scheduled meter read date.~~

DEFAULT SERVICE

If the MWRA has received service at their Deer Island Treatment Facility from a supplier other than the Company, and does not have a current supplier, it is no longer eligible to receive Standard Offer Service. In this case, the MWRA will receive Default Service from the Company in accordance with the terms and price for Default Service as approved by the Department of Telecommunications and Energy.

MINIMUM CHARGE

The minimum charge per month is the Customer Charge or the Distribution Charge, as applicable. See also Special Provision 2 that specifies annual minimum transition charge payments as applicable.

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

DETERMINATION OF DEMAND

The billing demand will be the maximum fifteen-minute demand (either kilowatts or 90 percent of the kilovolt-amperes) as determined by meter during the monthly billing period, period, except any demand recorded during off-peak hours will be reduced by 70 percent. Demands

Demands established prior to the application of this rate shall be considered as having been established under this rate.

BILLING

In determining if a demand charge reduction is applicable, the following defines the peak and off-peak periods:

- (1) During the months of June through September, the peak period shall be the hours between 9 A.M. and 6 P.M. weekdays. During the months of October through May, the peak period shall be the hours between 8 A.M. and 9 P.M. weekdays.
- (2) All other hours shall be off-peak including twelve Massachusetts holidays as follows:

New Year's Day
Martin L. King Day
President's Day
Patriot's Day
Memorial Day
Independence Day

Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Day after Thanksgiving
Christmas Day

ADJUSTMENTS

Charges under this rate shall be adjusted from time to time in accordance with: the Default Service Adjustment Provision; the Transmission Service Cost Adjustment Provision, the Transition Cost Adjustment Provision, and the Restructuring True-up Charge.

SPECIAL PROVISIONS

Calculation of Transition Cost Adjustment:

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

1. The Transition Cost Adjustment shall be calculated annually in accordance with the provision of the Settlement Agreement approved in D.T.E. 01-108. The provisions of the Settlement Agreement provide that the Transition Cost Adjustment results in the payment, under this rate, of an increasing percentage of the Company's annual uniform transition charges over time. For the year 2002, the Transition Cost Adjustment shall be set equal to 50% of the difference between the uniform transition charge applicable to all customers in the calendar year and the transition charge contribution embedded in the above delivery charges (excluding the Transition Cost Adjustment) as calculated by the Company.
2. The Settlement Agreement approved in D.T.E. 01-108 provides for a schedule of annual minimum kilowatt-hour usage levels to be used when calculating the annual transition charge contributions under this rate schedule. Accordingly, the minimum usage level applicable for this year shall be 122,000,000 kilowatt-hours.

Filed: ~~January 2~~, May xx, 2002

Pursuant to Order in

DTE 01-108 dated ~~December 27, 2001~~xxxxxx, 2002Effective: ~~January~~June 1, 2002 |

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Boston Edison Company)
_____)

D.T.E. 01-108

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into by and between the Massachusetts Water Resources Authority, a body politic and corporate and a public instrumentality of the Commonwealth of Massachusetts, existing under the Massachusetts General Laws, Chapter 92 App., § 1-1, *et seq.*, as amended, with its principal place business at 100 First Avenue, Charlestown, Massachusetts (the “Authority”); Boston Edison Company, a Massachusetts corporation, electric company and public utility, doing business as NSTAR Electric, with its principal place of business at 800 Boylston Street, Boston, Massachusetts (“Boston Edison”); and the Office of the Massachusetts Attorney General, with its principal place of business at One Ashburton Place, Boston, Massachusetts (the “Attorney General,” collectively, the “Settling Parties). This Settlement Agreement is intended, subject to the approval of the Department of Telecommunications and Energy (the “Department”), to resolve pending issues in this proceeding.

ARTICLE 1

INTRODUCTION

- 1.1 The Authority and Boston Edison are signatories to two agreements dated August 14, 1990 concerning, among other things, the provision of power and new facilities to deliver that power to the Authority's sewage treatment facilities on Deer Island: "ELECTRIC POWER SUPPLY AGREEMENT BETWEEN BOSTON EDISON COMPANY AND THE MASSACHUSETTS ENERGY RESOURCES AUTHORITY" ("EPSA") and "INTERCONNECTION AND FACILITIES SUPPORT AGREEMENT by and between HARBOR ELECTRIC ENERGY COMPANY, BOSTON EDISON COMPANY, AND THE MASSACHUSETTS WATER RESOURCES AUTHORITY" ("Interconnection Agreement").¹
- 1.2 The terms of the 1990 EPSA designate a specified tariff rate, WR, for service provided by Boston Edison to the Authority's sewerage treatment facilities on Deer Island (the "WR Rate").
- 1.3 On July 8, 1997, the Attorney General, Boston Edison and other interested parties submitted a restructuring settlement agreement (the "Restructuring Settlement") for approval by the Department. Subsequent to the enactment of the Electric Restructuring Act, Chapter 164 of the Acts of 1997, on January 28, 1998, the Department approved the Restructuring Settlement after finding that the Restructuring Settlement was consistent

¹ In Harbor Electric Energy Company /Boston Edison Company, D.P.U. 90-288 (1991), the Department approved EPSA in accordance with Department authority under G.L. c. 164, §94, ¶ 3. The Department also approved the Interconnection Agreement that would allow Boston Edison to deliver electric power to the Authority's waste-water treatment facilities on Deer Island, Boston.

with or substantially complies with the provisions of the Restructuring Act and that the Company had agreed to comply with other applicable provisions of the Act. Boston Edison Company, D.P.U./D.T.E. 96-23 (1998).

- 1.4 In its January 28, 1998 order, the Department determined that the WR Rate should be designed to achieve the rate reduction requirement of the Act with a structure that provided for a separate power cost charge but did not fully unbundle the transmission, distribution and transition cost charges. The Department also encouraged Boston Edison and the Authority to engage in negotiations to resolve a number of matters involving EPSA, Rate WR, and the Interconnection Agreement.
- 1.5 In proceedings before the Department, as well as in subsequent correspondence and meetings with the Authority, Boston Edison has taken the position, which has been disputed by the Authority, that in the event the Authority elected a competitive supply of power, Rate WR must be modified to incorporate unbundled rates, including the full amount of the “Uniform Transition Charge.”
- 1.6 The Authority received “Standard Offer Service” from Edison for its sewerage treatment facilities on Deer Island until it began to receive power from a competitive supplier on November 1, 2001.
- 1.7 In anticipation of the Authority’s receipt of a competitive supply of power and in an effort to facilitate negotiations on any resulting modifications to Rate WR, the Authority and Boston Edison entered into a “Standstill Agreement” on October 31, 2001, under which Boston Edison and the Authority sought to negotiate an agreement on changes to

Rate WR, and providing that any resolution would, as between those parties, be retroactive to November 1, 2001.

- 1.8 Following a period of negotiations between Boston Edison and MWRA, Boston Edison filed a proposed new tariff on December 14, 2001 that unbundled Rate WR and included a separate Transition Cost Charge in the amount of the Uniform Transition Charge.
- 1.9 By order dated December 27, 2001, the Department suspended the effectiveness of the proposed new tariff and opened an investigation into that proposal.
- 1.10 The Authority, Boston Edison and the Attorney General have agreed that, considering the circumstances of the present case, the terms of the 1997 Electric Restructuring Act, the Department's various past pronouncements regarding the design for Transition Cost Charges and the design of Rate WR, and the Department's long-standing principle of rate continuity, that the public interest would be best served by a program under which the level of the Rate WR transition charge will, over four phases, be increased progressively from its present level to the level of the Uniform Transition Charge charged to all other retail customer classes. During this period, the Authority shall pay a transition charge, subject to certain minimum usage levels, as set forth in Article 2.
- 1.11 In consideration of the settlement of a disputed claim and the mutual promises exchanged in this Settlement Agreement, the legal sufficiency of which the Settling Parties acknowledge, the Authority, Boston Edison and the Attorney General agree as follows:

ARTICLE 2

RATE WR TRANSITION COST CHARGE

- 2.1 The purpose of this Settlement Agreement is to provide for a phased in increase in the level of transition cost charges that have been paid by the Authority under Rate WR to a level equal to the “Uniform Transition Cost Charge” charged to all other retail rate classes. The increase to the level of the Uniform Transition Cost Charge shall be implemented in four steps over the period from the Effective Date of this Settlement Agreement through January 1, 2011. Effective January 1, 2011 and continuing thereafter, except as provided in Article 2.1.4, Rate WR will include a Rate WR Transition Cost Charge equal to the Uniform Transition Cost Charge collected from other retail rate classes.
- 2.1.1 From the Effective Date of this Settlement Agreement through December 31, 2004, in addition to the those charges presently included in Rate WR determined in the same manner as if the Authority continued to receive Standard Offer Service, a per kilowatt hour “Rate WR Transition Cost Adjustment” will be included in Rate WR. The Rate WR Transition Cost Adjustment shall in each individual year be equal to fifty (50) percent of the difference between the Rate WR Implicit Transition Cost Charge and the Uniform Transition Cost Charge for that year. Attachment A includes the calculation of the Rate WR Transition Cost Adjustment for 2002 as well as illustrative calculations for 2003 and 2004 incorporating estimates for the various inputs into the determination of the Adjustment. Attachment B is the proposed Rate WR Tariff for 2002, following the Effective Date of this Settlement Agreement.

- 2.1.2 From January 1, 2005 through December 31, 2010, Rate WR will, unless the Department otherwise determines that it is appropriate to maintain a bundled delivery rate structure with the identical economic effect, be unbundled and will include a separate Rate WR Transition Cost Charge that shall be fixed each year at a specified percentage of the Uniform Transition Cost Charge determined in accordance with Attachment C.
- 2.1.3 Beginning on January 1, 2011, Rate WR shall, except as provided in Article 2.1.4, include a Rate WR Transition Cost Charge equal to the Uniform Transition Cost Charge collected from all other rate classes that year.
- 2.1.4 Nothing in this Settlement Agreement shall preclude the Authority from presenting evidence and making arguments in support of, or other parties from presenting evidence and making arguments in opposition to, or the Department from finding that there is a compelling basis to determine that, after 2010, a just and reasonable Rate WR Transition Cost Charge should be in an amount less than the Uniform Transition Cost Charge collected from all other retail rate classes.
- 2.2 From the Effective Date of this Settlement Agreement through December 31, 2010, the Authority's obligation related to the Deer Island facilities shall be subject to a minimum transition obligation. The Authority's minimum transition obligation shall not be terminated or otherwise avoided for any reason, including, for example, the Authority no longer taking service under Rate WR from self generation. The minimum obligation shall be equal to the level of Transition Cost Charges (during 2002 through 2004, the sum of Rate WR Implicit Transition Cost Charge and the Rate WR Transition Cost Charge Adjustment payments; during 2005 through 2010, the Rate WR Transition Cost Charge

payment) that would have been collected had the Authority's annual usage on Deer Island been at the following levels during each of the respective years:

2002-2004 122,000,000 kWh

2005-2007 116,000,000 kWh

2008-2010 110,000,000 kWh

Whenever the Authority's billed usage for a year is below these levels for any reason, Boston Edison shall, on or before the last day of the following January (or as soon as possible thereafter) bill the Authority for the difference between the minimum transition cost obligation and the transition cost charges billed to the Authority for the Authority's usage on Deer Island for that year. Boston Edison shall include the supporting computation with such a bill and the Authority will have at least 45 days from the date of receipt of the bill from Boston Edison before it must make payment of that amount. The good faith failure of Boston Edison to issue timely notice of such a minimum transition obligation shall not jeopardize Boston Edison's right to collect the charge.

2.3 Transition Charges Under The Standstill Agreement

2.3.1 The Authority agrees to pay to Boston Edison, as set forth in Article 2.3.2, the amount of approximately \$346,580.51, which represents one half the difference between the amount that the Authority paid to Boston Edison through the Rate WR Implicit Transition Cost Charge(s) in effect for usage beginning November 1, 2001 through the end of the suspension period of M.D.T.E. No. 976, which is assumed to be the June 1, 2002 effective date of the tariff set forth in Attachment B, and the amount it would have paid had Rate WR incorporated the Uniform Transition Charge(s) in effect during that period. The final amount of such payment shall be adjusted based upon the determination of

actual billing quantities for the final month or months of the suspension period.

Attachment D shows the calculation of the approximate payment amount and demonstrates the methodology for determination of the final payment amount based upon final billing quantities.

- 2.3.2 The Authority will make the payment described in Article 2.3.1 in seven substantially equal monthly installments, to be added to the monthly payments to Boston Edison made by the Authority under Rate WR in each of the seven months from June through December, 2002.
- 2.3.3 The Authority and Boston Edison agree that as soon as practicable after the close of the first Rate WR billing cycle that ends after the Department's approval of this Settlement Agreement, Boston Edison will provide prompt notice to the Authority of the metered usage for that billing cycle and its computation of the appropriate payment amount under Articles 2.3.1 and 2.3.2.

ARTICLE 3

CONDITIONS

- 3.1 This Settlement Agreement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in this proceeding is true or false. With the exception of the figures for 2002 used in Attachments A and C, the figures used in Attachments A, C and D are provided for illustrative purposes only. Except as specified in this Settlement Agreement, the entry of an order by the Department approving this

Settlement Agreement shall not in any respect constitute a determination by the Department as to the merits of any other issue raised in this proceeding.

- 3.2 The making of this Settlement Agreement establishes no principles and shall not be deemed to foreclose any party from making any contention in any future proceedings or investigation, except as to those issues and proceedings that are stated in this Settlement Agreement as being resolved and terminated by approval of this Settlement Agreement.
- 3.3 This Settlement Agreement is the product of settlement negotiations. The Settling Parties agree that the content of those negotiations (including any work papers or other documents produced in connection with the negotiations) are confidential, that all offers of settlement are without prejudice to the position of any party or participant presenting such offer or participating in such discussion, and that the content of those negotiations are not to be used in any manner with these or other proceedings involving one or more of the parties to this Settlement Agreement, or otherwise.
- 3.4 The provisions of this Settlement Agreement are not severable. This Settlement Agreement is conditioned on its approval in full by the Department.
- 3.5 If the Department does not approve the Settlement Agreement in its entirety, it shall be deemed to be withdrawn and shall not constitute a part of the record in any proceeding or used for any other purpose.
- 3.6 The Authority and Boston Edison have agreed to and, in a separate filing, have submitted for Department approval an amendment to the EPSA, which is intended to modify that 1990 agreement to eliminate the requirement that the Authority purchase its electric power requirements from Boston Edison and the restrictions on the Authority's use of

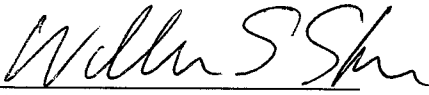
power generated on the Deer Island as well as to reflect the matters agreed upon in this Settlement Agreement. The Attorney General has taken no position on the propriety of the proposed amendment, and his participation in the settlement process of this proceeding should not be interpreted as consent to the EPSA amendment. While that proposed amendment is not the subject of this Settlement Agreement, Department approval of that proposed amendment pursuant to G.L. c. 164, § 94, ¶ 3 is a condition of this Settlement Agreement and that amendment is similarly conditioned upon approval of this Settlement Agreement.

- 3.7 The Department shall have continuing jurisdiction to enforce the terms of this Settlement Agreement.
- 3.8 The Department shall determine the "Effective Date" of this Settlement Agreement. For purposes of this Settlement Agreement, where applicable, the Settling Parties have assumed the Effective Date to be June 1, 2002. In the event that the Department determines a different Effective Date, the Settling Parties shall propose for Department approval changes to this Settlement Agreement to maintain the same economic effect.

IN WITNESS WHEREOF, the Settling Parties have caused this Agreement to be
executed as of May 7, 2002.

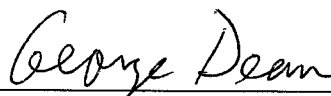
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By its attorney,


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MASSACHUSETTS WATER RESOURCES AUTHORITY

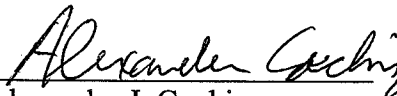
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OFFICE OF THE ATTORNEY GENERAL

By its attorney,


Alexander J. Cochis *W&S*
Assistant Attorney General
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D.T.E. 01-108

Settlement Agreement

Attachment A

Line #	Current Rate WR	Units	Billing Quantities	Jan-02 Rate	Jan-02 Revenue	Jan-03 Rate	Jan-03 Revenue	Jan-04 Rate	Jan-04 Revenue
1	Customer Charge		12	\$16,304	195,648	\$20,841	\$250,092	\$19,413	\$232,956
2	Demand Charge - W>5000	KW	170,796	\$1.22	208,371	\$1.57	\$268,150	\$1.46	\$249,362
3	Demand Charge - S>5000	KW	87,015	\$2.05	178,381	\$2.63	\$228,849	\$2.45	\$213,187
4	Energy Charge - W/Peak	KWh	34,385,938	\$0.00791	271,993	\$0.01012	\$347,986	\$0.00942	\$323,916
5	Energy Charge - W/Off-Peak	KWh	55,779,882	\$0.00400	223,120	\$0.00511	\$285,035	\$0.00476	\$265,512
6	Energy Charge - S/Peak	KWh	12,356,741	\$0.01137	140,496	\$0.01454	\$179,667	\$0.01354	\$167,310
7	Energy Charge - S/Off-Peak	KWh	32,307,481	\$0.00498	160,891	\$0.00636	\$205,476	\$0.00593	\$191,583
8	Default Service Adjustment	KWh	134,830,042	\$ -	\$ -	\$0.00150	\$202,245		
9	Standard Offer (w/o SOSFA).	KWh	134,830,042	\$0.04950	6,674,087	\$0.04700	\$6,337,012	\$0.05100	\$6,876,332
10	Energy Efficiency	KWh	134,830,042	\$0.00250	337,075	\$0.00250	\$337,075	\$0.00250	\$337,075
11	Renewables	KWh	134,830,042	\$0.00075	101,123	\$0.00050	\$67,415	\$0.00050	\$67,415
12	TOTAL				8,491,184		\$8,709,002		\$8,924,649
13	w/o Standard Offer				1,817,097		\$2,371,990		\$2,048,316
14	Implicit Rate WR Transition Cost Charge Revenues*			\$0.00698	940,502	\$0.00976	\$1,316,545	\$0.00879	\$1,184,804
15	Revenues At Uniform Transition Charge			\$0.01628	2,195,033	\$0.01556	\$2,097,955	\$0.01451	\$1,956,384
16	50% of Difference				627,266		\$390,705		\$385,790
17									
18	Rate WR Transition Cost Surcharge			\$0.00465		\$0.00290		\$0.00286	
19	Unbundled Rate WR	Units	Billing Quantities	2002 Proposed Rate	2002 Proposed Revenue	2003 Unbundled Rate	2003 Unbundled Revenue	2004 Unbundled Rate	2004 Unbundled Revenue
20									
21	Customer Charge	Months	12	\$ -	\$ -				
22	Distribution Charge	Months	12	\$225	\$2,697	\$225	\$2,697	\$225	\$2,697
23	Transmission Demand-W	KW	170,796	\$1.69	\$288,645	\$1.73	\$295,477	\$1.77	\$302,309
24	Transmission Demand-S	KW	87,015	\$1.69	\$147,055	\$1.73	\$150,536	\$1.77	\$154,017
25	Transition Demand-W	KW	170,796	\$ -	\$ -				
26	Transition Demand-S	KW	87,015	\$ -	\$ -				
27	Transition Energy-W/Peak	KWh	34,385,938	\$0.01628	\$559,803	\$0.01556	\$535,045	\$0.01451	\$498,940
28	Transition Energy-W/Off-Peak	KWh	55,779,882	\$0.01628	\$908,096	\$0.01556	\$867,935	\$0.01451	\$809,366
29	Transition Energy-S/Peak	KWh	12,358,741	\$0.01628	\$201,200	\$0.01556	\$192,302	\$0.01451	\$179,325
30	Transition Energy-S/Off-Peak	KWh	32,307,481	\$0.01628	\$525,966	\$0.01556	\$502,704	\$0.01451	\$468,792
31	Default Service Adjustment	KWh	134,830,042	\$ -	\$ -	\$0.00150	\$202,245		
32	Energy Efficiency	KWh	134,830,042	\$0.00250	\$337,075	\$0.00250	\$337,075	\$0.00250	\$337,075
33	Renewables	KWh	134,830,042	\$0.00075	\$101,123	\$0.00050	\$67,415	\$0.00050	\$67,415
34	Total				\$3,071,661		\$3,153,432		\$2,819,926

* Implicit Rate WR Transition Cost Charge = (Total Rate WR rate cap - standard offer - unbundled distribution charge - transmission charges - energy efficiency - renewables - default service adjustment)

The figures used in this schedule are, with the exception of the figures for 2002, used for illustrative purposes only. Thus, with the exception of the figures for 2002, the figures used in the schedule are relevant for settlement purposes only and do not constitute admissions by any party as to the appropriateness of these charges. The parties are free to alter, change or otherwise contest these figures in another proceeding, for example, in the context of a base rate or annual reconciliation filing.

D.T.E. 01-108

Settlement Agreement

Attachment B

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

AVAILABILITY

Service under this rate is available for electricity supplied and delivered in bulk for the purpose of construction and operation of the Deer Island Treatment Facility from the Boston Edison Company's K Street Transmission Station.

CHARACTER OF SERVICE

High tension alternating current, 60 cycles, 3 phase, at 115,000 volts nominal.

MONTHLY CHARGE

The Monthly Charge will be the sum of the Retail Delivery Service and the Supplier Service Charges.

DELIVERY SERVICES

Customer Charge	\$ 16,304.00	
Demand Charge Per kW (in excess of 5,000 kW)	<u>October - May</u> \$1.22	<u>June - September</u> \$2.05
Energy Charge Per Delivered kWh	<u>October - May</u>	<u>June - September</u>
Peak Hours Use	0.791 ¢	1.137 ¢
Off-Peak Hours Use	0.400 ¢	0.498 ¢
<u>Energy Efficiency Charges</u>		
Energy Charge Per Delivered kWh	0.250 ¢	
<u>Renewables Charges</u>		
Energy Charge Per Delivered kWh	0.075 ¢	
<u>Transition Cost Adjustment (per Special Provisions)</u>		
Energy Charge Per Delivered kWh	0.465 ¢	

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

SUPPLIER SERVICES

Default Service (Optional)

As in effect per Tariff

DEFAULT SERVICE

If the MWRA has received service at their Deer Island Treatment Facility from a supplier other than the Company, and does not have a current supplier, the MWRA will receive Default Service from the Company in accordance with the terms and price for Default Service as approved by the Department of Telecommunications and Energy.

MINIMUM CHARGE

The minimum charge per month is the Customer Charge or the Distribution Charge, as applicable.

DETERMINATION OF DEMAND

The billing demand will be the maximum fifteen-minute demand (either kilowatts or 90 percent of the kilovolt-amperes) as determined by meter during the monthly billing period, except any demand recorded during off-peak hours will be reduced by 70 percent. Demands established prior to the application of this rate shall be considered as having been established under this rate.

BILLING

In determining if a demand charge reduction is applicable, the following defines the peak and off-peak periods:

- (1) During the months of June through September, the peak period shall be the hours between 9 A.M. and 6 P.M. weekdays. During the months of October through May, the peak period shall be the hours between 8 A.M. and 9 P.M. weekdays.
- (2) All other hours shall be off-peak including twelve Massachusetts holidays as follows:

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

New Year's Day
Martin L. King Day
President's Day
Patriot's Day
Memorial Day
Independence Day

Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Day after Thanksgiving
Christmas Day

ADJUSTMENTS

Charges under this rate shall be adjusted from time to time in accordance with: the Default Service Adjustment Provision; the Transmission Service Cost Adjustment Provision, the Transition Cost Adjustment Provision, and the Restructuring True-up Charge.

SPECIAL PROVISIONS

Calculation of Transition Cost Adjustment:

1. The Transition Cost Adjustment shall be calculated annually in accordance with the provision of the Settlement Agreement approved in D.T.E. 01-108. The provisions of the Settlement Agreement provide that the Transition Cost Adjustment results in the payment, under this rate, of an increasing percentage of the Company's annual uniform transition charges over time. For the year 2002, the Transition Cost Adjustment shall be set equal to 50% of the difference between the uniform transition charge applicable to all customers in the calendar year and the transition charge contribution embedded in the above delivery charges (excluding the Transition Cost Adjustment) as calculated by the Company.
2. The Settlement Agreement approved in D.T.E. 01-108 provides for a schedule of annual minimum kilowatt-hour usage levels to be used when calculating the annual transition charge contributions under this rate schedule. Accordingly, the minimum usage level applicable for this year shall be 122,000,000 kilowatt-hours.

Filed: May xx, 2002
Pursuant to Order in
DTE 01-108 dated xxxxxx, 2002

Effective: June 1, 2002

D.T.E. 01-108

Settlement Agreement

Attachment C

For purposes of determining the level of the Rate WR Transition Cost Charge during the years 2005 through 2010, separate "Rate WR Transition Cost Charge Factor" values shall be computed to apply for usage during the years 2005 through 2007 and for usage during the years 2008 through 2010. The value of the Rate WR Transition Cost Charge Factor will be less than or equal to one. For the years from 2005 through 2007, the Rate WR Transition Cost Charge Factor will be equal to the average of the ratio for each year from 2002 through 2004 of (a) the total amount of Transition Cost Charges that would have been paid under Rate WR had the Rate WR Transition Cost Adjustment during those three years been equal to three fourths (75%) of the difference between the Rate WR Implicit Transition Cost Charge and (b) the total amount of Transition Cost Charges that would have been paid under Rate WR during those same years had Rate WR reflected the Uniform Transition Charge (see Line 7 below). For the years from 2008 through 2010, the Rate WR Transition Cost Charge Factor will be equal to the average of the ratio for each year from 2002 through 2004 of (a) the total amount of Transition Cost Charges that would have been paid under Rate WR had the Rate WR Transition Cost Adjustment during those three years been equal to seven eighths (87.5%) of the difference between the Rate WR Implicit Transition Cost Charge and (b) the total amount of Transition Cost Charges that would have been paid under Rate WR during those same years had Rate WR reflected the Uniform Transition Charge (see Line 8 below).

Using the estimates of the Uniform Transition Cost Charge and the Implicit Rate WR Transition Cost Charge set forth in Attachment B, an illustrative calculation of the Rate WR Transition Cost Charge Factor is as follows:

Line	Phase One Transition Charges	2002	2003	2004	Average
1	Implicit Rate WR Transition Charge	\$940,502	\$1,316,545	\$1,184,804	
2	Uniform Transition Charge	\$2,195,033	\$2,097,955	\$1,956,384	
3	Line 1 Plus 50% of Difference	\$1,567,768	\$1,707,250	\$1,570,594	
4	Line 1 Plus 75% of Difference	\$1,881,400	\$1,902,603	\$1,763,489	
5	Line 1 Plus 87.5% of Difference	\$2,038,217	\$2,000,279	\$1,859,937	
6	Line 3/Line 2	71.40%	81.40%	80.30%	
7	Line 4/Line 2	85.70%	90.70%	90.10%	88.80%
8	Line 5/Line 2	92.90%	95.30%	95.10%	94.40%
9	Rate WR Transition Cost Charge Factor for 2005-07				
10	Rate WR Transition Cost Charge Factor for 2008-10				
	Source: Line 1: Attachment A, Line 14				
	Line 2: Attachment A, Line 15				

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D.T.E. 01-108

Settlement Agreement

Attachment D

Boston Edison Company
DTE 01-108 Settlement Agreement
Payments under Standstill Agreement
Schedule 1

<u>Month</u>	<u>kWh</u>	<u>Transition Adjustment</u>	<u>Payment</u>	
	Col. A	Col. B	Col. C	
			A * B	
Nov. '01	11,540,122	\$ 0.00533	\$ 61,508.85	actual
Dec. '01	10,252,800	\$ 0.00533	\$ 54,647.42	actual
Jan. '02	9,878,400	\$ 0.00465	\$ 45,934.56	actual
Feb. '02	8,568,000	\$ 0.00465	\$ 39,841.20	actual
Mar. '02	11,107,200	\$ 0.00465	\$ 51,648.48	actual
Apr. '02	10,000,000	\$ 0.00465	\$ 46,500.00	estimated
<u>May '02</u>	<u>10,000,000</u>	<u>\$ 0.00465</u>	<u>\$ 46,500.00</u>	estimated
Total			\$ 346,580.51	

Notes:

Col. B See Schedule 2

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Boston Edison Company

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DTE 01-108

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Settlement Agreement and Joint Motion for Approval of Settlement upon all parties in this proceeding.

Dated this 7th day of May, 2002.



William S. Stowe